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STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XOX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

[11.](#) Mideast

[12.](#) Iran

Key stories in the media:

Today most media focussed on the third day of Morris Talansky's cross-examination by PM Ehud Olmert's lawyers. Leading media reported that Talansky could not remember details of cash transfers to Olmert. Ha'aretz quoted officials at the State Prosecutor's

Office as saying that by the end of the day the "core of Talansky's testimony" had not cracked. *Yediot* (today) and *Maariv* (yesterday) published transcripts of Olmert's main police probe, in which *Maariv* said Olmert admitted having received expense reimbursement in cash from Talansky.

Makor Rishon-Hatzofe bannered (and other media cited) Secretary Rice's statement in an interview with CNN on Sunday that President Bush is leaving all options about Iran open, and that she refused to discuss the possibility of an Israeli strike on Iran, saying this was only a "speculation."

Yesterday The Jerusalem Post quoted Israeli defense officials as saying over the weekend that Israel is scheduled to renew Egyptian-mediated negotiations with Hamas this week for Gilad's release. Today *Ha'aretz* reported that Hamas confirmed yesterday that the talks were on hold. Today *Ha'aretz* reported that former U.S. President Jimmy Carter is trying to achieve a breakthrough in the negotiations over Gilad Shalit's release. Under the deal, Israel would release several dozen prisoners as a confidence-building measure, including Hamas parliamentarians and ministers arrested after Shalit's abduction in June 2006. In return, Shalit would be brought to Egypt, where his family would be able to visit him. After this stage, negotiations for the release of more Palestinian prisoners and Shalit's return home would continue. In a separate development, *Ha'aretz* quoted ministers who participated in cabinet deliberations on the matter yesterday with PM Olmert as saying that Israel will have to show greater flexibility in its negotiations with Hamas in order to free Shalit. The media quoted Defense Minister Ehud Barak as saying yesterday that he would like to see a news blackout on the negotiations for Shalit's release to increase the "chances of success." The Jerusalem Post reported that Egypt is enraged over Hamas claims that it is not an honest broker. On Sunday leading media quoted Hamas officials as saying that they will insist on the freeing of 1,000 prisoners in exchange for Shalit. Media reported that at a demonstration in Paris yesterday former Franco-Colombian hostage Ingrid Betancourt demanded Shalit's release. *Maariv* bannered remarks made to the newspaper by outgoing head of the IDF Human Resources Directorate, Elazar Stern. He was quoted as saying that the price that Israel pays for releasing kidnapped soldiers is too high, and that it is a pity Israel does not learn from the U.S.

Ha'aretz reported that Israel has gathered and conveyed intelligence showing the increasing strength of Hizbullah in Lebanon to European defense ministries. Similar information was delivered to the UN during a visit to New York a month ago by Brig. Gen. Yossi Baidatz, head of research at IDF Intelligence. *Ha'aretz* quoted a political source as saying that Israel is very frustrated because the phenomenon of arms smuggling is not sufficiently addressed in relevant UN reports, including the most recent one three weeks ago, nor is it fully acknowledged in European capitals -- particularly in countries that are contributing contingents to the peacekeeping force in southern Lebanon.

Yesterday The Jerusalem Post and other media reported that IDF Chief of Staff Gabi Ashkenazi left for the U.S. on Saturday for a week of talks -- with a focus on Iran -- with top U.S. defense and diplomatic officials.

Leading media reported that yesterday the Israeli human rights group B'Tselem released a video showing an IDF soldier shooting a Palestinian youth with a rubber bullet at short range, his arms and legs bound by a high-ranking Border Police officer. According to B'Tselem, the shooting was witnessed by several other soldiers and officers, including the lieutenant colonel who bound the teen's limbs. The organization allegedly demanded an investigation be opened into his role and that the soldier who fired the gun "be brought to justice." The incident occurred on July 7, in the West Bank village of Na'alim, where Palestinians and leftists have increased their protests in recent months against the separation barrier in the town, and the demonstrations have at time culminated in violent clashes.

Leading media reported that Barack Obama is scheduled to land in Israel today for a visit, which will include meetings with Israeli and Palestinian officials in Jerusalem and the West Bank. Over dinner, PM Olmert plans to discuss Israel's military intelligence on

the Iranian nuclear program and stress the importance of maintaining diplomatic pressure on Tehran. Tomorrow morning, FM Tzipi Livni will accompany Obama on a tour, including a helicopter flight over the disputed areas with the Palestinians and a visit to the Qassam-stricken city of Sderot. Later in the day, he will travel to Ramallah, where he will meet with Palestinian President Mahmoud Abbas and Prime Minister Salam Fayyad.

Yesterday Ha'aretz reported that last week the High Court of Justice upheld a ruling for the eviction of a Palestinian family from the Sheikh Jarrah neighborhood of East Jerusalem, whose house is owned by religious Jews. The eviction spurred protest by senior PA officials, and diplomats from several consulates have already visited the house. The Khurd family has lived in the contested building since 1956, when the area was under Jordanian control. After the area came under Israel's control in 1967, the Committee of the Sephardi Jewry and the Committee of the Knesset of Israel -- two religious bodies -- presented the Israeli authorities with various documents showing that they had purchased the area during the Ottoman rule. Yesterday The Jerusalem Post quoted the PA's official news agency Wafa as saying that Israel is using rats to drive Arab families out of their homes in the Old City of Jerusalem. The daily quoted Jerusalem Municipality spokesman Gidi Schmerling as saying that the report was "pure fiction," and had no connection to reality."

Yediot quoted Maj. Gen. Amos Yadlin, the head of IDF Intelligence, as saying at yesterday's cabinet session that Israel's enemies are afraid of a flare-up during the summer. However, Yadlin was quoted as saying that an action against Israel may be carried out, which the enemies believe will not lead to war.

Leading media reported that yesterday visiting British PM Gordon Brown demanded the end of settlement expansion.

On Sunday Ha'aretz reported that real estate mogul Yitzhak Tshuva will go ahead with his plans to build a massive industrial zone in the Arava Desert irrespective of the Red Sea-Dead Sea canal.

Major media reported that yesterday the cabinet unanimously endorsed the nomination of Professor Gabriela Shalev as Israel's first woman ambassador to the United Nations.

Yesterday The Jerusalem Post quoted the Israeli technology company NICE Systems as saying last week that Salt River Project (SRP), the third-largest public power public utility in the U.S., has selected NICE Smart Center solutions to help SRP manage and support the growth of its contact centers, which receive over 3 million calls per year.

Yesterday Ha'aretz quoted National Infrastructure Minister Benjamin Ben-Eliezer as saying at the end of last week that Jerusalem is close to an agreement with Moscow that would secure natural gas for a planned pipeline project between Turkey and Israel.

Ha'aretz reported that Norway is investing half-a-billion Euros in Israel. However, the newspaper cited the Bank of Israel as saying that the main cause of the shekel's strengthening is not foreign investments, but the slowing in Israelis' investments abroad.

11. Mideast:

Summary:

The independent, left-leaning Ha'aretz editorialized: "As long as the West Bank is dissected by innumerable roadblocks and closures, there is not much value in festive declarations about an 'economic Roadmap.'"

Columnist and former Meretz Party Chairman Yossi Sarid wrote in Ha'aretz: "Obama has a good chance of being not just a president, but a world leader who wants to save himself from himself. Can it not be that, for a change, what's good for the world will also be good for the Jews, and what's good for the Jews will also be what's good for the world?"

Block Quotes:

II. "Don't Waste the Money"

The independent, left-leaning Ha'aretz editorialized (7/21): "Since they are unable to substantively advance a diplomatic arrangement that will end the prolonged conflict in this region, visiting leaders have developed the habit of comforting the Palestinians with financial aid while compensating the Israelis by recognizing their right to live in security and comfort. They add a rebuke about Israel's settlement policy and season it with a call to remove most of the roadblocks.... There is no better illustration of the international community's lack of effectiveness in the violent and poverty-stricken Middle East. Yesterday it was the turn of British Prime Minister Gordon Brown to contribute to this depressing ritual.... At a meeting with President Shimon Peres, he announced his intention of initiating an 'economic Roadmap' for the Middle East, which would benefit regional development and stability.... As long as the West Bank is dissected by innumerable roadblocks and closures, there is not much value in festive declarations about an 'economic Roadmap.' Worse than that -- the reports about hundreds of millions of dollars that make their way into the PA's coffers increase the alienation between the political elite and PA staffers, who benefit from the donations, and the general public that spends its days at the roadblocks."

II. "Why Obama?"

Columnist and former Meretz Party Chairman Yossi Sarid wrote in Ha'aretz (7/21): "When the candidate lands here tomorrow, a fog of ambiguity will still hover over his position.... Even if Obama is not elected president, his candidacy has already left a deep impression. It has changed the path of American policy.... Electing McCain means continuing the Bush-Cheney-Rice policy. It means another four years of trouble: The futile war between the 'enlightened ones' and the 'unenlightened ones' will continue; America's deterrent power will continue to dissipate; a peace agreement with Syria will be held off until the end of days, along with an Israeli-Palestinian deal; and the Arab League's peace plan will gather dust. McCain is not as obtuse as Bush or as corrupt as Cheney, but he is their successor. McCain has even removed himself from the international arena when it comes to environmental issues. Just this month, he supported Bush's plan to allow the greedy oil companies to continue to damage the ocean environment in sensitive regions that have rare natural resources. Obama has a good chance of being not just a president, but a world leader who wants to save himself from himself. Can it not be that, for a change, what's good for the world will also be good for the Jews, and what's good for the Jews will also be what's good for the world?"

12. Iran:

Summary:

The independent, left-leaning Ha'aretz editorialized: "We ought to welcome all attempts at substantive dialogue that can lead to a suspension of Iran's uranium enrichment activity in a way that provides enough reliable safeguards and supervisory measures. At the same time, Iran's deceptive behavior and policy of buying time constantly warn against any efforts to pull the wool over our eyes."

Columnist Calev Ben-David wrote on page one of the conservative, independent Jerusalem Post: "The big question for Jerusalem is whether this U.S. administration -- or the next -- is going to end up content simply bombing Iran with more talk, and confining its victories over it to the basketball court."

Former Mossad director Ephraim Halevy wrote in the mass-circulation, pluralist Yediot Aharonot: "Iran proclaims its red lines and its honor as a state with equal rights in the region. Israel has an identical right -- among the rest by being, as Defense Minister Barak has said, the strongest power in the region."

Block Quotes:

II. "Talking and Suspecting"

The independent, left-leaning Ha'aretz editorialized (7/20): "A noteworthy development has emerged from the Geneva negotiations between European Union officials and Iran's representative to the talks on its nuclear program, Saeed Jalili.... Is this a turning point in American policy on Iran? Undoubtedly, this is at the very least a new tactical approach by Washington. Perhaps the U.S., with which Israel has spearheaded a tough, even aggressive brand of diplomacy against Iran in recent years, now seeks to demonstrate that it does not oppose efforts to freeze Tehran's nuclear program by way of dialogue.... Nonetheless, these positive signals cannot camouflage Iran's determination to attain the status of a nuclear power. One cannot overstate that it was during the period when the voices of Iranian moderation were heard, when Hashemi Rafsanjani and Mohammad Khatami occupied the president's chair, that Iran's nuclear program was allowed to develop with no interference from outside. We ought to welcome all attempts at substantive dialogue that can lead to a suspension of Iran's uranium enrichment activity in a way that provides enough reliable safeguards and supervisory measures. At the same time, Iran's deceptive behavior and policy of buying time constantly warn against any efforts to pull the wool over our eyes."

II. "Why Washington's New Playbook on Iran Is No Laughing Matter"

Columnist Calev Ben-David wrote on page one of the conservative, independent Jerusalem Post (7/21): "Any softening by Ahmadinejad of his usual belligerent rhetoric, or by other Iranian officials, is now going to be charitably explained by those who oppose any U.S. or Israeli military action toward the country as a hopeful sign of this new environment.... Tehranwalked away from the Geneva meeting with, at the very least, a tie, if not an outright win. That's because even Ahmadinejad can grasp the concept that projecting a kinder, gentler Iran in response to the new American initiative, while in substance actually conceding little or nothing, is the most viable strategy for a regime determined to press ahead with its nuclear dreams. And if that is indeed the case, the big question for Jerusalem is whether this U.S. administration -- or the next -- is going to end up content simply bombing Iran with more talk, and confining its victories over it to the basketball court."

III. "The Secret Incentives"

Former Mossad director Ephraim Halevy wrote in the mass-circulation, pluralist Yediot Aharonot (7/20): "Incentives [offered to Iran by the United States and Europe] have never been made public.... Washington is prepared to discuss 'expanded security commitments' to Iran. The meaning of this is clear: recognition of Iran's status.... as a regional power and the establishment of a permanent debate with it about the future of the Middle East.... [Regional topics] are close to Israel's heart. If this new move gathers speed, the Israeli government will necessarily make clear that it will cooperate with the policy of its greatest friend and ally -- provided it is reserved an official seat near the table where its security and future are discussed. 'Coordination,' 'reporting,' and so on, are not enough. Iran proclaims its red lines and its honor as a state with equal rights in the region. Israel has an identical right -- among the rest by being, as Defense Minister Barak has said, the strongest power in the region."

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